
Business & Financial Services Committee

HB 2385

Brief Description: Concerning fiduciary duties of debt adjusters.

Sponsors: Representatives Hudgins, Ryu, Kirby, S. Hunt and Pollet.

Brief Summary of Bill

- Creates a fiduciary relationship between debt adjusters and their clients.

Hearing Date: 1/28/14

Staff: David Rubenstein (786-7153).

Background:

Debt Adjusting Act Generally.

Washington's Debt Adjusting Act regulates the provision of debt adjusting services, which are defined as managing, counseling, settling, adjusting, pro-rating, or liquidating a debtor's indebtedness, or receiving funds for distribution among creditors in payment of a debtor's obligations.

A "debt adjuster" is a person who engages in debt adjusting for compensation and includes creditor counselors and debt settlement providers.

Fiduciary Duties.

Fiduciary duties are variously defined in Washington law. Often, the duties are spelled out specifically in relation to the particular statute to which they apply. Generally speaking, fiduciaries are obligated to act in the best interest the person with whom they have a fiduciary relationship.

Summary of Bill:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Debt adjusters have a fiduciary relationship with their debtor clients, and are subject to all requirements for fiduciaries under Washington law.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.